

Janesville Consolidated School District

Independent Auditor's Reports  
Basic Financial Statements  
And Supplementary Information  
Schedule of Findings

June 30, 2006

## Table of Contents

Officials		<u>Page</u> 1
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-12
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	13
Statement of Activities	B	14-15
Governmental Fund Financial Statements:		
Balance Sheet	C	16
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets	D	17
Statement of Revenues, Expenditures and Changes in Fund Balances	E	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds to the Statement of Activities	F	19
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	20
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	21
Statement of Cash Flows	I	22
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	23
Statement of Changes in Fiduciary Net Assets	K	24
Notes to Financial Statements		25-33
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements And Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Funds		34
Notes to Required Supplementary Information- Budgetary Reporting		35
Other Supplementary Information:	<u>Schedule</u>	
Non-major Special Revenue Funds:		
Combining Balance Sheet	1	36
Combining Schedule of Revenues, Expenditures and Changes In Fund Balance	2	37
Schedule of Changes in Special Revenue Fund-Student Activity Accounts	3	38
Schedule of Revenues by Source and Expenditures by Function- All Governmental Funds	4	39
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		40-41
Schedule of Findings		42-43

**Janesville Consolidated School District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**Board of Education**

**(Before September 2005 Election)**

Sandi Carroll	President	2007
Barbara Reid	Vice President	2005
Ron Henry	Board Member	2006
Rusty Roberts	Board Member	2007
Christine Mattingly	Board Member	2005

**Board of Education**

**(After September 2005 Election)**

Sandi Carroll	President	2007
Barbara Reid	Vice President	2008
Ron Henry	Board Member	2006
Rusty Roberts	Board Member	2007
Christine Mattingly	Board Member	2008

**School Officials**

Robert Weber	Superintendent	2006
Susan McClure	District Secretary/Treasurer and Business Manager	2006
Steven A. Weidner	Attorney	2006

## Independent Auditor's Report

To the Board of Education of  
Janesville Consolidated School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District, Janesville, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.


I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated September 7, 2006 on my consideration of Janesville Consolidated School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 34 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Janesville Consolidated School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Keith Oltrogge  
Certified Public Accountant

September 7, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Janesville Consolidated School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2006 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$2,682,959 in fiscal 2005 to \$2,757,307 in fiscal 2006, while General Fund expenditures increased from \$2,540,939 in fiscal 2005 to \$2,676,729 in fiscal 2006. The District's General Fund balance increased from \$558,079 in fiscal 2005 to \$638,557 in fiscal 2006, a 12.6% increase.
- The increase in General Fund revenues was attributable to an increase in state sources in fiscal 2006. The increases in expenditures was due primarily to an increase in the negotiated salary and benefits and purchased services expenditures. One reason the General Fund balance increased is because revenue increased more than expenditures.
- The District's solvency ratio has increased from 21.96% at June 30, 2005 to 23.86% at June 30, 2006. The District's solvency level indicates the District is able to meet unforeseen financing requirements and presents a sound risk for the timely repayment of short-term debt obligations.
- The District experienced a loss in enrollment. The September 2005 enrollment was 358.0, down 6.8, while the September 2004 enrollment was 364.8.
- The District has cut back on employee travel, student field trips, and one spring play in light of the tight budget.
- Black Hawk County held a special election for the 1% Local Option Sales and Services Tax for school infrastructure on February 7, 2006 and it was passed. The 1% extended tax will begin October 1, 2009 through September 30, 2019.
- Janesville Consolidated School District paid the final payment on the lease/purchase of the 2002 school bus.
- Janesville Consolidated School District purchased new bleachers for the high school gymnasium and a new floor for the elementary gymnasium.
- Using PPEL funds, the District updated volleyball equipment and basketball backboards.
- The District purchased a used van for transporting students and a new handicapped accessible school bus.
- The District and community worked together to begin the Design and Development phase with Struxture Architect to remodel the facility to be in compliance with fire safety and the American Disabilities Act.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Janesville Consolidated School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Janesville Consolidated School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Janesville Consolidated School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Janesville Consolidated School District Annual Financial Report**

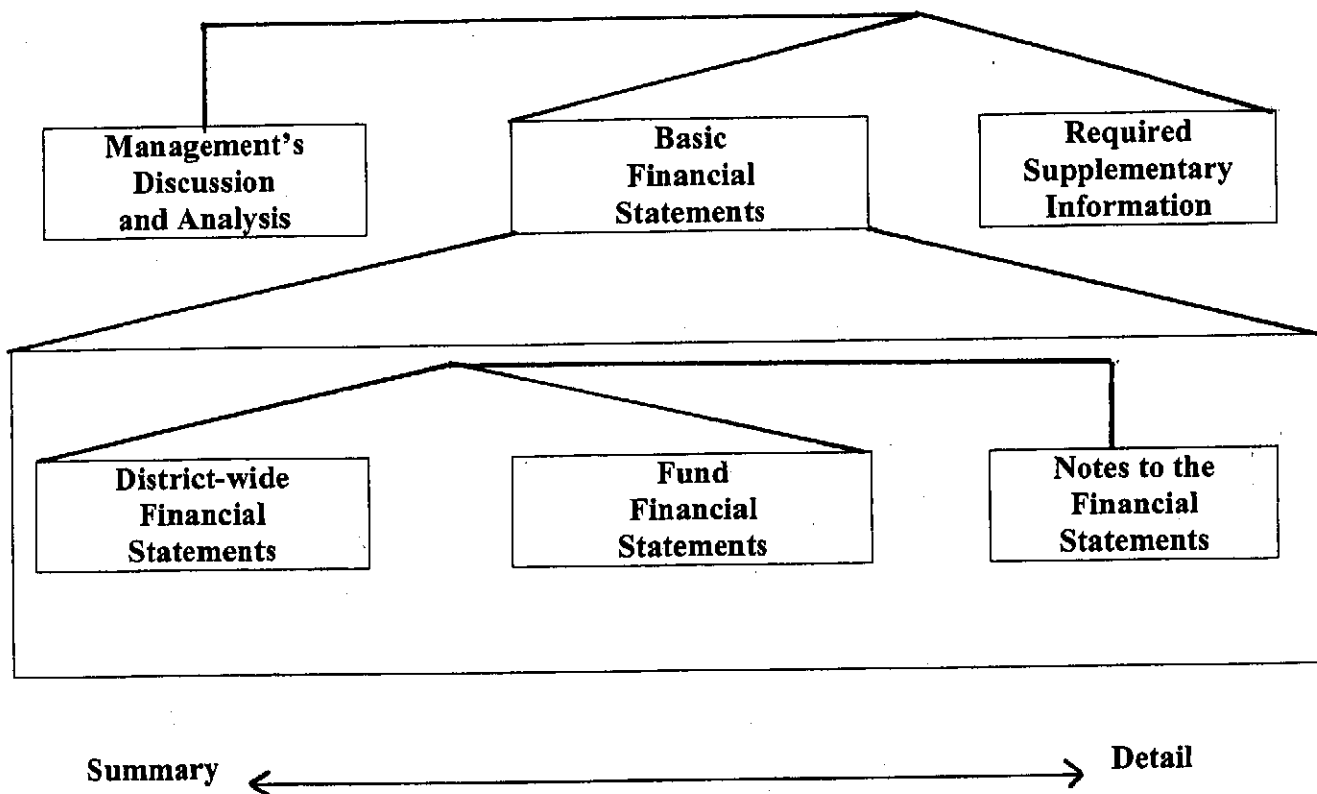


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long- term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long- term	All assets and liabilities, both short- term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's School Nutrition program and Childhood Development program are included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Childhood Development Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

- 3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include the Private-Purpose Trust Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2006 compared to June 30, 2005.

**Figure A-3**  
**Condensed Statement of Net Assets**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Current and other assets	\$2,850,122	\$2,749,374	\$11,381	\$26,605	\$2,861,503	\$2,775,979	\$85,524
Capital assets	827,749	752,486	4,639	5,221	832,388	757,707	74,681
Total assets	\$3,677,871	\$3,501,860	\$16,020	\$31,826	\$3,693,891	\$3,533,686	\$160,205
Long-term liabilities	\$40,261	\$20,585	\$-	\$-	\$40,261	\$20,585	\$19,676
Other liabilities	1,477,711	1,659,274	21,290	22,907	1,499,001	1,682,181	-183,180
Total liabilities	\$1,517,972	\$1,679,859	\$21,290	\$22,907	\$1,539,262	\$1,702,766	-\$163,504
Net assets:							
Invested in capital assets, net of related debt	\$787,488	\$731,901	\$4,639	\$5,221	\$792,127	\$737,122	\$55,005
Restricted	734,513	577,125	-	-	734,513	577,125	157,388
Unrestricted	637,898	512,975	-9,909	3,698	627,989	516,673	111,316
Total net assets	\$2,159,899	\$1,822,001	-\$5,270	\$8,919	\$2,154,629	\$1,830,920	\$323,709

The District's combined net assets increased by nearly 15%, or approximately \$324,000, over the prior year. The largest portion of the District's net assets is in the "invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt". The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$157,000, or 21% over the prior year. The increase was primarily a result of increased revenue in the Capital Projects Fund.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased approximately \$111,000, or 18%. This increase in unrestricted net assets was a result of the District's increased revenues and careful management of expenses.

Figure A-4 shows the change in net assets for the year ended June 30, 2006.

**Figure A-4**  
**Changes in Net Assets**

	Governmental Activities	Business Type Activities	Total District
<b>Revenues:</b>			
Program revenues:			
Charges for service	\$291,590	\$143,598	\$435,188
Operating grants, contributions and restricted interest	284,314	29,666	313,980
Capital grants, contributions and restricted interest	-	-	-
General revenues:			
Property tax	1,030,965	-	1,030,965
Local option sales and service tax	262,818	-	262,818
Unrestricted state grants	1,369,305	-	1,369,305
Unrestricted investment earnings	36,974	62	37,036
Other	20,940	-	20,940
Total revenues	\$3,296,906	\$173,326	\$3,470,232
<b>Program expenses:</b>			
Governmental activities:			
Instruction	\$1,991,871	\$-	\$1,991,871
Support services	798,182	-	798,182
Non-instructional programs	-	187,515	187,515
Other expenses	168,855	-	168,855
Total expenses	\$2,958,908	\$187,515	\$3,146,423
Change in net assets before adjustment	\$337,998	-\$14,189	\$323,809
Beginning balance decrease	-100	-	-100
Change in net assets	\$337,898	-\$14,189	\$323,709

Property tax and unrestricted state grants account for 69% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 87% of the total expenses.

#### **Governmental Activities**

Revenues for governmental activities were \$3,296,906 and expenses were \$2,958,908. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

	<b>Figure A-5</b> <b>Total and Net Cost of</b> <b>Governmental Activities</b>	
	Total Cost of Services	Net Cost of Services
Instruction	\$1,991,871	\$1,460,478
Support Services	798,182	753,671
Non-instructional programs	-	-
Other expenses	168,855	168,855
Totals	\$2,958,908	\$2,383,004

- The cost financed by users of the District's programs was \$435,188.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$313,980.
- The net cost of governmental activities was financed with \$1,293,783 in property and other taxes and \$1,369,305 in unrestricted state grants.

### **Business Type Activities**

Revenues for business type activities were \$173,325 and expenses were \$187,515. The District's business type activities include the School Nutrition Fund and the Childhood Development Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### **INDIVIDUAL FUND ANALYSIS**

As previously noted, Janesville Consolidated School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,373,070, well above last year's ending fund balances of \$1,091,026.

### **Governmental Fund Highlights**

- The District's improving General Fund financial position is the result of many factors. Growth during the year in grants resulted in an increase in revenues.
- The General Fund balance increased from \$558,079 to \$638,557, due in part to the increase in revenue over the increase in expenditures.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$59,528 in fiscal 2005 to \$62,669 in fiscal 2006.
- The Capital Projects Fund balance increased due to the increase in revenues from the local option sales tax. The District ended fiscal 2005 with a balance of \$441,649. Fiscal 2006 ended with a balance of \$603,643.
- The District has been trying to maintain its General Fund balance by controlling classroom budgets, reducing travel and field trips, and reducing staff slightly where possible.
- The total elimination of Phase III dollars and technology funding from the state has made it difficult to maintain staff development for teachers and keep all of the school's computers in operational order. However, the funding of Teachers Quality Compensation dollars has eased this burden.
- The District used PPEL dollars and Capital Project dollars, on hand, to refinish the high school gym floor, made the first of three lease/purchase payments on a handicapped accessible school bus and paid the final payment on a school bus during fiscal year 2006.
- The District used R.E.A.P. funds to purchase two new laptop computers, fund the purchase of Language Arts curriculum materials, and to purchase new library materials for both the elementary and high school media centers.
- The 2005-2006 R.E.A.P. dollars will also be used to purchase new elementary and secondary textbooks for Pre K – 12.

### **Proprietary Fund Highlights**

- School Nutrition Fund net assets decreased from \$29,848 at June 30, 2005 to \$10,312 at June 30, 2006, representing a decrease of approximately 65.5%.
- Childhood Development Fund net assets increased from -\$20,929 at June 30, 2005 to -\$15,582 at June 30, 2006, representing an increase of approximately 25%.
- The Proprietary Fund's net assets decreased due to an increase in expenditures over the increase in revenue.

## BUDGETARY HIGHLIGHTS

The District's receipts were \$49,756 less than budgeted receipts, a variance of 1.4%. The most significant variance resulted from the District receiving less in federal grants than originally anticipated.

The District's total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2006, the District had invested \$.83 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 9% from last year. More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$84,778.

The original cost of the District's capital assets was \$3.26 million. Governmental funds account for \$3.25 million, with the remainder of \$.01 million accounted for in the Proprietary, School Nutrition Fund.

The largest change in the capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$1,512,844 at June 30, 2006, compared to \$1,418,170 reported at June 30, 2005. This increase resulted from the purchase of transportation vehicles.

**Figure A-6**  
**Capital Assets, net of Depreciation**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2006	2005	2006	2005	2006	2005	2005-2006
Land	\$18,751	\$18,751	\$-	\$-	\$18,751	\$18,751	\$-
Construction in progress	11,492	-	-	-	11,492	-	11,492
Buildings	588,009	586,607	-	-	588,009	586,607	1,402
Improvements other than buildings	22,326	23,983	-	-	22,326	23,983	-1,657
Furniture and equipment	187,171	123,145	4,639	5,221	191,810	128,366	63,444
Totals	\$827,749	\$752,486	\$4,639	\$5,221	\$832,388	\$757,707	\$74,681

### Long-Term Debt

At June 30, 2006, the District had \$40,261 in long-term debt outstanding. This represents an increase of approximately 49% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

**Figure A-7**  
**Outstanding Long-term Obligations**

	Total District		Total Change
	June 30,		June 30,
	2006	2005	2005-2006
Notes payable	\$40,261	\$20,585	\$19,676

## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- A construction project for remodeling the school building is in the planning stages for about \$1.4 million to be funded by Local Option Sales Tax Revenue bonds, which are being planned to be issued in 2006-2007, with the project being started in 2007.
- The Instructional Support Levy was passed in September 2002 and money was received by the District in September 2004.
- The District did not levy a cash reserve amount for fiscal year 2006.
- The District's employee group health insurance increased slightly for fiscal year 2006.
- The state has now completely abandoned Phase III funding to schools for teacher staff development and curriculum work.
- Unfunded mandates such as "No Child Left Behind" and "GASB 34" are making it very difficult for schools to keep adequate staffing and provide the necessary instructional materials.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Susan McClure, School Business Manager, Janesville Consolidated School, 505 Barrick Road, Janesville IA 50647.

## **Basic Financial Statements**

## Janesville Consolidated School District

## Statement of Net Assets

June 30, 2006

	Govern- mental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents:			
ISCAP	\$ 245,658	\$ -	\$ 245,658
Other	1,520,206	11,351	1,531,557
Receivables:			
Property tax:			
Delinquent	7,861	-	7,861
Succeeding year	980,768	-	980,768
Accounts	2,856	30	2,886
Accrued interest:			
ISCAP	76	-	76
Due from other funds	25,497	-	25,497
Due from other governments	67,200	-	67,200
Capital assets, net of accumulated depreciation	827,749	4,639	832,388
<b>Total Assets</b>	<b>\$ 3,677,871</b>	<b>\$ 16,020</b>	<b>\$ 3,693,891</b>
<b>Liabilities</b>			
Excess of warrants over bank balance	\$ -	\$ 7,986	\$ 7,986
Accounts payable	49,595	-	49,595
Salaries and benefits payable	177,426	8,208	185,634
Due to other funds	21,330	4,167	25,497
Accrued interest payable	659	-	659
Deferred revenue-succeeding year property tax	980,768	-	980,768
Deferred revenue	-	929	929
ISCAP warrants payable	246,000	-	246,000
ISCAP accrued interest payable	61	-	61
Other current liabilities	1,872	-	1,872
Long-term liabilities:			
Portion due within one year:			
Note payable	19,649	-	19,649
Portion due after one year:			
Note payable	20,612	-	20,612
<b>Total Liabilities</b>	<b>\$ 1,517,972</b>	<b>\$ 21,290</b>	<b>\$ 1,539,262</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 787,488	\$ 4,639	\$ 792,127
Restricted for:			
Management levy	24,930	-	24,930
Physical plant and equipment levy	62,669	-	62,669
Other special revenue purposes	646,914	-	646,914
Unrestricted	637,898	-9,909	627,989
<b>Total Net Assets</b>	<b>\$ 2,159,899</b>	<b>\$ -5,270</b>	<b>\$ 2,154,629</b>



**Janesville Consolidated School District**

**Statement of Activities**

**Year Ended June 30, 2006**

	Program Revenues			
		Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses			
<b><u>Functions/Programs</u></b>				
Governmental Activities:				
Instruction:				
Regular instruction	\$ 1,498,316	\$ 132,003	\$ 244,303	\$ -
Special instruction	285,007	5,234	32,453	-
Other instruction	208,548	115,257	2,143	-
	<u>\$ 1,991,871</u>	<u>\$ 252,494</u>	<u>\$ 278,899</u>	<u>\$ -</u>
Support Services:				
Student services	\$ 49,502	\$ -	\$ 1,698	\$ -
Instructional staff services	38,679	-	-	-
Administration services	338,917	-	-	-
Operation and maintenance of plant services	221,272	-	-	-
Transportation services	149,812	39,096	3,717	-
	<u>\$ 798,182</u>	<u>\$ 39,096</u>	<u>\$ 5,415</u>	<u>\$ -</u>
Non-instructional programs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Expenditures:				
Facilities acquisition	\$ 60,948	\$ -	\$ -	\$ -
Long-term debt interest	659	-	-	-
AEA flow-through	107,248	-	-	-
	<u>\$ 168,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Governmental Activities	<u>\$ 2,958,908</u>	<u>\$ 291,590</u>	<u>\$ 284,314</u>	<u>\$ -</u>
Business Type Activities:				
Non-Instructional Programs:				
Food service operations	\$ 115,765	\$ 66,501	\$ 29,666	\$ -
Childhood development	71,750	77,097	-	-
	<u>\$ 187,515</u>	<u>\$ 143,598</u>	<u>\$ 29,666</u>	<u>\$ -</u>
Total	<u>\$ 3,146,423</u>	<u>\$ 435,188</u>	<u>\$ 313,980</u>	<u>\$ -</u>

Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities		Business Type Activities		Total
\$	-1,122,010	\$	-	\$ -1,122,010
	-247,320		-	-247,320
	-91,148		-	-91,148
\$	-1,460,478	\$	-	\$ -1,460,478
\$	-47,804	\$	-	\$ -47,804
	-38,679		-	-38,679
	-338,917		-	-338,917
	-221,272		-	-221,272
	-106,999		-	-106,999
\$	-753,671	\$	-	\$ -753,671
\$	-	\$	-	\$ -
\$	-60,948	\$	-	\$ -60,948
	-659		-	-659
	-107,248		-	-107,248
\$	-168,855	\$	-	\$ -168,855
\$	-2,383,004	\$	-	\$ -2,383,004
\$	-	\$ -19,598	\$	-19,598
	-	5,347		5,347
\$	-	\$ -14,251	\$	-14,251
\$	-2,383,004	\$ -14,251	\$	-2,397,255

**Janesville Consolidated School District**

**Statement of Activities**

**Year Ended June 30, 2006**

	Program Revenues		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Expenses			
<b>General Revenues:</b>			
Property Tax Levied For:			
General purposes			
Capital outlay			
Local option sales and services tax			
Unrestricted state grants			
Unrestricted investment earnings			
Other general revenues			
Total General Revenues			
Change in net assets before adjustments			
Beginning balance decrease			
Change in net assets			
Net assets beginning of year			
Net Assets End of Year			

See notes to financial statements.

Net (Expense) Revenue  
And Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ 954,354	\$ -	\$ 954,354
76,611	-	76,611
262,818	-	262,818
1,369,305	-	1,369,305
36,974	62	37,036
20,940	-	20,940
<u>\$ 2,721,002</u>	<u>\$ 62</u>	<u>\$ 2,721,064</u>
\$ 337,998	\$ -14,189	\$ 323,809
-100	-	-100
<u>\$ 337,898</u>	<u>\$ -14,189</u>	<u>\$ 323,709</u>
1,822,001	8,919	1,830,920
<u>\$ 2,159,899</u>	<u>\$ -5,270</u>	<u>\$ 2,154,629</u>

## Janesville Consolidated School District

Balance Sheet  
Governmental Funds

June 30, 2006

	General	Capital Projects	Non-major Special Revenue	Total
<b>Assets</b>				
Cash and Pooled Investments:				
ISCAP	\$ 245,658	\$ -	\$ -	\$ 245,658
Other	782,909	618,690	118,607	1,520,206
Receivables:				
Property Tax:				
Delinquent	6,591	-	1,270	7,861
Succeeding year	811,929	-	168,839	980,768
Accounts	1,425	-	1,431	2,856
Accrued Interest:				
ISCAP	76	-	-	76
Due from other funds	5,580	-	19,917	25,497
Due from other governments	46,259	20,941	-	67,200
<b>Total Assets</b>	<b>\$ 1,900,427</b>	<b>\$ 639,631</b>	<b>\$ 310,064</b>	<b>\$ 2,850,122</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 20,161	\$ 20,492	\$ 8,942	\$ 49,595
Salaries and benefits payable	177,426	-	-	177,426
Due to other funds	4,421	15,496	1,413	21,330
ISCAP warrants payable	246,000	-	-	246,000
ISCAP accrued interest payable	61	-	-	61
Deferred Revenue:				
Succeeding year property tax	811,929	-	168,839	980,768
Other current liabilities	1,872	-	-	1,872
<b>Total Liabilities</b>	<b>\$ 1,261,870</b>	<b>\$ 35,988</b>	<b>\$ 179,194</b>	<b>\$ 1,477,052</b>
Fund Balances:				
Unreserved	\$ 638,557	\$ 603,643	\$ 130,870	\$ 1,373,070
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,900,427</b>	<b>\$ 639,631</b>	<b>\$ 310,064</b>	<b>\$ 2,850,122</b>

**Janesville Consolidated School District**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**To the Statement of Net Assets**

**June 30, 2006**

<b>Total fund balances of governmental funds (page 16)</b>	\$ 1,373,070
<b><i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i></b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	827,749
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds	-
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds	-659
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds	-40,261
<b>Net assets of governmental activities (page 13)</b>	<u>\$ 2,159,899</u>

## Janesville Consolidated School District

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2006

	General	Capital Projects	Non-Major Special Revenue	Total
Revenues:				
Local Sources:				
Local tax	\$ 884,346	\$ 262,818	\$ 146,619	\$ 1,293,783
Tuition	117,732	-	-	117,732
Other	119,523	12,513	117,441	249,477
Intermediate sources	-	-	-	-
State sources	1,580,255	-	208	1,580,463
Federal sources	55,451	-	-	55,451
Total Revenues	\$ 2,757,307	\$ 275,331	\$ 264,268	\$ 3,296,906
Expenditures:				
Current:				
Instruction:				
Regular instruction	\$ 1,452,592	\$ -	\$ -	\$ 1,452,592
Special instruction	285,007	-	-	285,007
Other instruction	95,843	-	110,275	206,118
	\$ 1,833,442	\$ -	\$ 110,275	\$ 1,943,717
Support Services:				
Student services	\$ 49,502	\$ -	\$ -	\$ 49,502
Instructional staff services	38,679	-	-	38,679
Administration services	319,940	-	17,247	337,187
Operation and maintenance of plant services	201,053	-	42,608	243,661
Transportation services	126,865	-	-	126,865
	\$ 736,039	\$ -	\$ 59,855	\$ 795,894
Other Expenditures:				
Facilities acquisition	\$ -	\$ 113,337	\$ 11,433	\$ 124,770
Long-Term Debt:				
Principal	-	-	42,207	42,207
Interest	-	-	926	926
AEA flow-through	107,248	-	-	107,248
	\$ 107,248	\$ 113,337	\$ 54,566	\$ 275,151
Total Expenditures	\$ 2,676,729	\$ 113,337	\$ 224,696	\$ 3,014,762
Excess of revenues over expenditures	\$ 80,578	\$ 161,994	\$ 39,572	\$ 282,144
Other Financing Sources (Uses):				
Beginning balance decrease	\$ -100	\$ -	\$ -	\$ -100
Operating transfers in	-	-	43,133	43,133
Operating transfers out	-	-	-43,133	-43,133
Total Other Financing Sources (Uses)	\$ -100	\$ -	\$ -	\$ -100
Net change in fund balances	\$ 80,478	\$ 161,994	\$ 39,572	\$ 282,044
Fund balances beginning of year	558,079	441,649	91,298	1,091,026
Fund Balances End of Year	\$ 638,557	\$ 603,643	\$ 130,870	\$ 1,373,070

See notes to financial statements.

## Janesville Consolidated School District

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
To the Statement of Activities**

**Year Ended June 30, 2006**

**Net change in fund balances – total governmental funds (page 18)** \$ 282,044

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 159,459	
Depreciation expense	-84,196	75,263

Certain delinquent property tax not collected for several months after year end is not considered available revenue and is deferred in the governmental funds.

-

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	\$ -61,883	
Repaid	42,207	-19,676

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

267

**Change in Net Assets of Governmental Activities (page 15)** \$ 337,898



## Janesville Consolidated School District

Statement of Net Assets  
Proprietary Funds

June 30, 2006

	Hot Lunch	Childhood Development	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 11,351	\$ -	\$ 11,351
Accounts receivable	30	-	30
Capital assets, net of accumulated depreciation	4,639	-	4,639
<b>Total Assets</b>	<b>\$ 16,020</b>	<b>\$ -</b>	<b>\$ 16,020</b>
<b>Liabilities</b>			
Excess of warrants over bank balance	\$ -	\$ 7,986	\$ 7,986
Salaries and benefits payable	612	7,596	8,208
Due to other funds	4,167	-	4,167
Deferred revenue	929	-	929
<b>Total Liabilities</b>	<b>\$ 5,708</b>	<b>\$ 15,582</b>	<b>\$ 21,290</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 4,639	\$ -	\$ 4,639
Unrestricted	5,673	-15,582	-9,909
<b>Total Net Assets</b>	<b>\$ 10,312</b>	<b>\$ -15,582</b>	<b>\$ -5,270</b>

## Janesville Consolidated School District

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds

June 30, 2006

	Hot Lunch	Childhood Development	Total
Operating revenues:			
Local sources:			
Charges for service	\$ 66,501	\$ 77,097	\$ 143,598
Operating expenses:			
Instruction:			
Other instruction:			
Salaries	\$ -	\$ 46,247	\$ 46,247
Benefits	-	13,225	13,225
Supplies	-	5,630	5,630
Purchased services	-	1,826	1,826
	\$ -	\$ 66,928	\$ 66,928
Non-instructional programs:			
Operations:			
Salaries	\$ 7,333	\$ 4,822	\$ 12,155
Benefits	167	-	167
Supplies	106,014	-	106,014
Purchased services	1,669	-	1,669
Depreciation	582	-	582
	\$ 115,765	\$ 4,822	\$ 120,587
Total operating expenses	\$ 115,765	\$ 71,750	\$ 187,515
Operating income (loss)	\$ -49,264	\$ 5,347	\$ -43,917
Non-operating revenues:			
State sources	\$ 1,377	\$ -	\$ 1,377
Federal sources	28,289	-	28,289
Interest income	62	-	62
Total non-operating revenues	\$ 29,728	\$ -	\$ 29,728
Change in net assets	\$ -19,536	5,347	\$ -14,189
Net assets beginning of year	29,848	-20,929	8,919
Net Assets End of Year	\$ 10,312	\$ -15,582	\$ -5,270

## Janesville Consolidated School District

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2006

	Hot Lunch	Childhood Development	Total
Cash flows from operating activities:			
Cash received from daycare fees	\$ -	\$ 77,097	\$ 77,097
Cash received from sale of lunches and breakfasts	67,399	-	67,399
Cash paid to employees for services	-4,700	-63,819	-68,519
Cash paid to suppliers for goods or services	-89,559	-7,456	-97,015
Net cash provided (used) by operating activities	\$ -26,860	\$ 5,822	\$ -21,038
Cash flows from non-capital financing activities:			
State grants received	\$ 1,377	\$ -	\$ 1,377
Federal grants received	19,422	-	19,422
Net cash provided by non-capital financing activities	\$ 20,799	\$ -	\$ 20,799
Cash flows from investing activities:			
Interest on investments	\$ 62	\$ -	\$ 62
Net increase (decrease) in cash and cash equivalents	\$ -5,999	\$ 5,822	\$ -177
Cash and cash equivalents beginning of year	17,350	-13,808	3,542
Cash and Cash Equivalents End of Year	\$ 11,351	\$ -7,986	\$ 3,365
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ -49,264	\$ 5,347	\$ -43,917
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Commodities used	18,123	-	18,123
Depreciation	582	-	582
(Increase) in accounts receivable	-30	-	-30
Increase in salaries and benefits payable	72	475	547
Increase in deferred revenue	929	-	929
Increase in due to other funds	2,728	-	2,728
Net Cash Provided (Used) by Operating Activities	\$ -26,860	\$ 5,822	\$ -21,038

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2006, the District received \$8,868 of federal commodities.

## Janesville Consolidated School District

Statement of Fiduciary Net Assets  
Fiduciary Fund

June 30, 2006

	Private Purpose Trust <u>Scholarship</u>
<b>Assets</b>	
Cash and pooled investments	\$ 255,421
Interest receivable	<u>865</u>
<b>Total assets</b>	<u>\$ 256,286</u>
<b>Liabilities</b>	<u>\$ -</u>
<b>Net Assets</b>	
Reserved for scholarships	<u>\$ 256,286</u>

**Janesville Consolidated School District**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**  
**Year Ended June 30, 2006**

	Private Purpose Trust <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 7,948
Contributions and donations	900
Total Additions	<u>\$ 8,848</u>
Deductions:	
Support services:	
Scholarships awarded	\$ 3,500
Other	410
Total Deductions	<u>\$ 3,910</u>
Change in net assets	\$ 4,938
Net assets beginning of year	<u>251,348</u>
Net Assets End of Year	<u>\$ 256,286</u>

## **Janesville Consolidated School District**

### **Notes to Financial Statements**

**June 30, 2006**

#### **(1) Summary of Significant Accounting Policies**

Janesville Consolidated School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Janesville, Iowa and portions of the predominately agricultural territories in Bremer and Black Hawk Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

##### **A. Reporting Entity**

For financial reporting purposes, Janesville Consolidated School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Janesville Consolidated School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Bremer County Assessor's Conference Board.

##### **B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition Fund and Childhood Development Fund. These funds are used to account for the food service and daycare operations of the District.

The District also reports fiduciary funds, which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2005.



Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20 – 50 years
Furniture and equipment	5 – 15 years

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2006, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Total	<u>\$284,906</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

(3) **Due From and Due to Other funds**

The detail of inter-fund receivables and payables at June 30, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue:	
	Physical Plant and Equipment Levy	\$ 1,413
General	Hot Lunch	4,167
		<u>\$ 5,580</u>
Special Revenue:	Special Revenue:	
Physical Plant and Equipment Levy	Capital Projects	\$ 15,496
Management	General	4,421
		<u>\$ 19,917</u>
Total		<u>\$ 25,497</u>

The Physical Plant and Equipment Levy Fund is repaying the Capital Projects Fund for equipment purchased. The Hot Lunch Fund is repaying the General Fund for salaries. The General Fund is repaying the Management Fund for insurance reimbursement that was incorrectly recorded. The balance will be repaid by June 30, 2007.

(4) **Inter-fund Transfers**

The detail of inter-fund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Special Revenue:	
	Physical Plant and Equipment Levy	<u>\$ 43,133</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) **Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2006 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable	Unamortized Premium
2006-07A	6/28/06	6/28/07	\$ 245,658	\$ 76	\$ 246,000	\$ 61	\$ 1,872

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2006 is as follows:

Series	Balance Beginning Of Year	Advances Received	Advances Repaid	Balance End of Year
2005-06A	\$ -	\$ 30,000	\$ 30,000	\$ -

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2005-06A	4.000%	3.903%
2005-06B	4.500%	4.772%
2006-07A	4.500%	5.676%

(6) **Capital Assets**

Capital assets activity for the year ended June 30, 2006 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End Of Year
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 18,751	\$ -	\$ -	\$ 18,751
Construction in progress	-	11,492	-	11,492
Total capital assets not being depreciated	\$ 18,751	\$ 11,492	\$ -	\$ 30,243
Capital assets being depreciated:				
Buildings	\$ 1,457,523	\$ 36,680	\$ -	\$ 1,494,203
Improvements other than buildings	214,401	-	-	214,401
Furniture and equipment	1,418,170	111,287	16,613	1,512,844
Total capital assets being depreciated	\$ 3,090,094	\$ 147,967	\$ 16,613	\$ 3,221,448
Less accumulated depreciation for:				
Buildings	\$ 870,916	\$ 35,278	\$ -	\$ 906,194
Improvements other than buildings	190,418	1,657	-	192,075
Furniture and equipment	1,295,025	47,261	16,613	1,325,673
Total accumulated depreciation	\$ 2,356,359	\$ 84,196	\$ 16,613	\$ 2,423,942
Total capital assets being depreciated, net	\$ 733,735	\$ 63,771	\$ -	\$ 797,506
Governmental Activities Capital Assets, Net	\$ 752,486	\$ 75,263	\$ -	\$ 827,749
<b>Business type activities:</b>				
Furniture and equipment	\$ 10,149	\$ -	\$ 3,165	\$ 6,984
Less accumulated depreciation	4,928	582	3,165	2,345
Business Type Activities Capital Assets, Net	\$ 5,221	\$ -582	\$ -	\$ 4,639

Depreciation expense was charged to the following functions:

Governmental Activities:

Instruction:

Regular	\$	54,275
Other		2,430

Support services:

Administration		1,730
Operation and maintenance of plant		2,814
Transportation		22,947
	\$	84,196

Unallocated

Total Depreciation Expense – Governmental Activities	\$	84,196
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Business Type Activities:

Food service operations	\$	582
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**(7) Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2006 are summarized as follows:

	Balance Beginning Of Year	Additions	Reductions	Balance End Of Year	Due Within One Year
Bus loan payable	\$ 20,585	\$ 61,883	\$ 42,207	\$ 40,261	\$ 19,649

Bus Loan

The District purchased a Blue Bird School Bus in March of 2006 for \$61,883. \$21,622 was paid as a down payment, leaving \$40,261 to be paid over the next two years. Repayment is as follows:

Due Date	Principal	Implicit Interest	Total
3-1-07	\$ 19,649	\$ 1,973	\$ 21,622
3-1-08	20,612	1,010	21,622
	\$ 40,261	\$ 2,983	\$ 43,244

During the year ended June 30, 2006, the District made principal and interest payments totaling \$43,133 under the agreements.

**(8) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2006, 2005 and 2004. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$69,954, \$67,602, and \$68,651, respectively, equal to the required contributions for each year.

**(9) Risk Management**

Janesville Consolidated School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$107,248 for the year ended June 30, 2006 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Commitments:**

The District is planning a construction project for the remodeling of the school building for approximately \$1.4 million to be funded by local option sales tax bonds, which would be issued in 2006-2007. The project would be started in 2007.

## **Required Supplementary Information**

**Janesville Consolidated School District**

**Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances –  
Budget and Actual – All Governmental Funds and Proprietary Fund**

**Required Supplementary Information**

**Year Ended June 30, 2006**

	Governmental Funds Actual	Proprietary Fund Actual
Receipts:		
Local sources	\$ 1,660,992	\$ 143,660
Intermediate sources	-	-
State sources	1,580,463	1,377
Federal sources	55,451	28,289
Total Receipts	<u>\$ 3,296,906</u>	<u>\$ 173,326</u>
Disbursements:		
Instruction	\$ 1,943,717	\$ 66,928
Support services	795,894	-
Non-instructional programs	-	120,587
Other expenditures	275,151	-
Total Disbursements	<u>\$ 3,014,762</u>	<u>\$ 187,515</u>
Excess (deficiency) of receipts over (under) disbursements	\$ 282,144	\$ -14,189
Beginning balance decrease	<u>-100</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 282,044	\$ -14,189
Balances beginning of year	<u>1,091,026</u>	<u>8,919</u>
Balances End of Year	<u>\$ 1,373,070</u>	<u>\$ -5,270</u>

See accompanying independent auditor's report.



	Total Actual	Budgeted Amounts Original	Final To Actual Variance
\$	1,804,652	\$ 1,806,307	\$ -1,655
	-	-	-
	1,581,840	1,591,181	-9,341
	83,740	122,500	-38,760
\$	3,470,232	\$ 3,519,988	\$ -49,756
\$	2,010,645	\$ 2,351,584	\$ 340,939
	795,894	802,135	6,241
	120,587	246,071	125,484
	275,151	804,787	529,636
\$	3,202,277	\$ 4,204,577	\$ 1,002,300
\$	267,955	\$ -684,589	\$ 952,544
	-100	-	-100
\$	267,855	\$ -684,589	\$ 952,444
	1,099,945	1,192,898	-92,953
\$	1,367,800	\$ 508,309	\$ 859,491

**Janesville Consolidated School District**

**Notes to Required Supplementary Information – Budgetary Reporting**

**Year Ended June 30, 2006**

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

## **Other Supplementary Information**

## Janesville Consolidated School District

Combining Balance Sheet  
Non-Major Special Revenue Funds

June 30, 2006

	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
<b>Assets</b>				
Cash and pooled investments	\$ 21,682	\$ 42,140	\$ 54,785	\$ 118,607
Receivables:				
Property Tax:				
Delinquent	606	-	664	1,270
Succeeding year	87,000	-	81,839	168,839
Inter-fund receivable	4,421		15,496	19,917
Accounts	-	1,431	-	1,431
<b>Total Assets</b>	<b>\$ 113,709</b>	<b>\$ 43,571</b>	<b>\$ 152,784</b>	<b>\$ 310,064</b>
<b>Liabilities &amp; Fund Equity</b>				
Liabilities:				
Accounts payable	\$ 1,779	\$ 300	\$ 6863	\$ 8,942
Inter-fund payable	-	-	1,413	1,413
Deferred Revenue:				
Succeeding year property tax	87,000	-	81,839	168,839
Total Liabilities	\$ 88,779	\$ 300	\$ 90,115	\$ 179,194
Fund Equity:				
Unreserved fund balances	\$ 24,930	\$ 43,271	\$ 62,669	\$ 130,870
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 113,709</b>	<b>\$ 43,571</b>	<b>\$ 152,784</b>	<b>\$ 310,064</b>

## Janesville Consolidated School District

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Non-Major Special Revenue Funds**

**Year Ended June 30, 2006**

	Debt Service	Management Levy	Student Activity	Physical Plant and Equipment Levy	Total
<b>Revenues:</b>					
Local Sources:					
Local tax	\$ -	\$ 70,008	\$ -	\$ 76,611	\$ 146,619
Other	-	-	115,425	2,016	117,441
State sources	-	99	-	109	208
Total Revenues	\$ -	\$ 70,107	\$ 115,425	\$ 78,736	\$ 264,268
<b>Expenditures:</b>					
Current:					
Instruction:					
Other instruction	\$ -	\$ -	\$ 110,275	\$ -	\$ 110,275
Support Services:					
Administration services	-	17,247	-	-	17,247
Operation and maintenance of plant services	-	21,579	-	21,029	42,608
Other Expenditures:					
Facilities acquisition	-	-	-	11,433	11,433
Long-term debt:					
Principal	42,207	-	-	-	42,207
Interest	926	-	-	-	926
Total Expenditures	\$ 43,133	\$ 38,826	\$ 110,275	\$ 32,462	\$ 224,696
Excess (deficiency) of revenues over (under) expenditures	\$ -43,133	\$ 31,281	\$ 5,150	\$ 46,274	\$ 39,572
<b>Other Financing Sources (Uses):</b>					
Operating transfers in	\$ 43,133	\$ -	\$ -	\$ -	\$ 43,133
Operating transfer out	-	-	-	-43,133	-43,133
Total Other Financing Sources (Uses)	\$ 43,133	\$ -	\$ -	\$ -43,133	\$ -
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	\$ -	\$ 31,281	\$ 5,150	\$ 3,141	\$ 39,572
Fund balances beginning of year	-	-6,351	38,121	59,528	91,298
Fund Balances End of Year	\$ -	\$ 24,930	\$ 43,271	\$ 62,669	\$ 130,870

## Janesville Consolidated School District

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year Ended June 30, 2006

Account	Balance Beginning Of Year	Revenues and Inter-fund Transfers	Expenditures	Intra- Fund Transfers	Balance End of Year
Book Fair	\$ 1,859	\$ 3,889	\$ 3,473	\$ -	\$ 2,275
7-12 Secondary Account	2,550	863	757	-	2,656
Graduated Classes	2,912	-	167	623	3,368
12 <sup>th</sup> Grade	623	339	923	335	374
11 <sup>th</sup> Grade	958	5,536	3,147	-921	2,426
10 <sup>th</sup> Grade	37	865	200	153	855
9 <sup>th</sup> Grade	190	216	-	-190	216
Choir/Band Trip	45	10,605	8,155	-	2,495
High School Student Council	90	1,915	1,741	-	264
Cheerleaders-Varsity	62	-	-	-62	-
Athletics	960	40,394	44,031	5,790	3,113
Drama/Music	1,039	2,030	1,984	-	1,085
Home Economics	410	-	-	-	410
Pop Machine	8,263	8,497	5,409	-3,925	7,426
Revolving	297	6,653	6,644	-219	87
Interest	324	168	-	-81	411
Softball Complex	768	656	-	-	1,424
Playground Equipment	815	386	1,201	-	-
Publications	3,440	7,458	6,092	-	4,806
Band Resale	143	74	282	66	1
Honor Society	286	1,066	1,080	-	272
Junior High Student Council	213	235	261	-	187
Art Fund	905	-	-	-	905
6 <sup>th</sup> Grade	103	-	-	-	103
Boys' Basketball	440	160	-	-600	-
Football	381	-	28	-353	-
Boys' Track	140	-	-	-140	-
Wrestling	246	-	-	-246	-
Girls' Basketball	801	-	-	-801	-
Volleyball	195	160	-	-355	-
Girls' Track	187	-	-	-187	-
Textbooks-Other	-	9,918	9,910	-	8
Junior High Cheerleaders	46	-	-	-46	-
Swing Choir	172	475	230	-	417
Elementary Activities	3,286	2,976	478	-	5,784
Miscellaneous	1,248	1,414	2,344	925	1,243
Spanish Club	2,487	8,477	10,979	15	-
Technology Fund	1,080	-	540	-	540
Speech Club	120	-	219	219	120
Total	\$ 38,121	\$ 115,425	\$ 110,275	\$ -	\$ 43,271

## Janesville Consolidated School District

Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds

## For the Last Four Years

	Modified Accrual Basis			
	2006	2005	2004	2003
Revenues:				
Local Sources:				
Local tax	\$ 1,293,783	\$ 1,216,625	\$ 1,185,948	\$ 1,065,719
Tuition	117,732	107,834	125,235	175,207
Other	249,477	292,773	248,434	208,166
Intermediate sources	-	-	-	-
State sources	1,580,463	1,488,740	1,307,140	1,369,317
Federal sources	55,451	66,830	87,318	100,202
Total	\$ 3,296,906	\$ 3,172,802	\$ 2,954,075	\$ 2,918,611
Expenditures:				
Instruction:				
Regular instruction	\$ 1,452,592	\$ 1,492,098	\$ 1,546,863	\$ 1,427,696
Special instruction	285,007	281,963	241,735	221,302
Other instruction	206,118	222,993	151,924	172,634
Support services:				
Student services	49,502	39,484	39,717	37,307
Instructional staff services	38,679	44,197	43,323	42,549
Administrative services	337,187	306,140	276,388	268,452
Operation and maintenance of plant services	243,661	204,484	206,824	198,105
Transportation services	126,865	97,008	97,803	86,050
Central support services	-	-	-	1,528
Non-instructional programs	-	-	43,872	-
Other expenditures:				
Facilities acquisition	124,770	129,043	110,066	153,300
Long-term debt:				
Principal	42,207	19,699	18,850	27,839
Interest and other charges	926	1,812	2,661	3,994
AEA flow-through	107,248	100,227	98,044	105,861
Total	\$ 3,014,762	\$ 2,939,148	\$ 2,878,070	\$ 2,746,617

**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**



Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of  
Janesville Consolidated School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Janesville Consolidated School District as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated September 7, 2006. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Janesville Consolidated School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item I-A-06 is a material weakness.

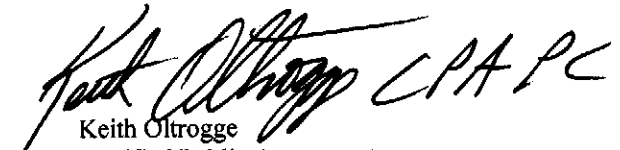
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Janesville Consolidated School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Janesville Consolidated School District and other parties to whom Janesville Consolidated School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Janesville Consolidated School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

  
Keith Oltrogge  
Certified Public Accountant

September 7, 2006

**Janesville Consolidated School District**

**Schedule of Findings**

**Year Ended June 30, 2006**

**Part I – Findings Related to the General Purpose Financial Statements**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

I-A-06 Payroll Calculations – The payroll system was not set up correctly for extra quality pay, which was paid in March 2006. No withholding was taken out for this pay.

Recommendation – Payroll set up should be reviewed carefully, so payroll can be calculated correctly.

Response – The payroll was corrected as soon as the error was discovered.

Conclusion – Response accepted.

**Janesville Consolidated School District**

**Schedule of Findings**

**Year Ended June 30, 2006**

**Part II - Other Findings Related to Statutory Reporting:**

- II-A-06 Certified Budget – Disbursements for the year ended June 30, 2006 did not exceed the certified budget.
- II-B-06 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-06 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-06 Business Transactions – No business transactions between the District and District officials or employees were noted.
- II-E-06 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-06 Board Minutes – The minutes record was examined and appeared to give a condensed account of business transactions by the Board. No transactions were found that I believe should have been approved in the Board minutes but were not. Certain minutes were not published within the two week period after the meeting date, as required by Chapter 279.35 of the Code of Iowa, and only the general fund expenditures were published.
- Recommendation – The Board Secretary should furnish a copy of the Board proceedings to be published within two weeks of each meeting. All expenditures should be published.
- Response – Procedures have been revised to ensure the minutes and expenditures are published as required.
- Conclusion – Response accepted.
- II-G-06 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-06 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-06 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely.